

FISCAL YEAR 2004 MEMO

Institutions of Higher Education Audit Guidance – FY 2004

Issue Date: Before May 15, 2004

Effective Date: Immediately until superseded

Executive Summary

This policy supersedes the existing Higher Education Guidance previously issued in 2001. It is meant to compliment the Government Accounting Standards Board (GASB) Statement 35 implementation guide issued in 2002, which is documented in various other policies and procedures, including, but not limited to, fixed assets guidance. This policy is being issued to implement GASB Statement 39 for fiscal 2004 and forward and to reissue policies on required documentation with regard to the Commonwealth's issuance of its Comprehensive Annual Financial Report (CAFR.)

Considerations

The Office of the Comptroller prepares a CAFR annually.

Reporting standards require that all Higher Education Institutions' financial statements be included as part of the Higher Education discrete presentation. **Due to the tight timetable of completing the CAFR and the large number of Higher Education Institutions, we are requesting that each audited Institution read and complete the financial statement package.**

Statement 39 requires that private foundations related to Institutions of Higher Education and other related entities (hereafter referred to as "Component Units") of the Institutions of Higher Education be reported in the audited financial statements of the Institutions. To facilitate this reporting, these entities' audited financial statements are recommended to be submitted on a timely basis to the Institution, (typically one month prior to October 15, the due date for the Institution's completed audited financial statements to be received at the Office of the Comptroller.) Completed audits are defined as audits in final form, **represented to the Office of the Comptroller as ready for acceptance by or accepted by the Board of Trustees** of the Institution. Various reporting changes and footnote disclosures are necessary for proper reporting.

FY 2004 GUIDANCE

Reporting Requirements

Reporting requirements require entities that receive federal funding must be audited in accordance with generally accepted governmental auditing standards. The audit opinion of these entities should read "audited in accordance with *Governmental Auditing Standards*."

The Commonwealth is required to complete its Statutory Basis Financial Report (SBFR) no later than October 31 annually. Included in these statements are all the financial information related to **Leases** and **Fixed Assets**. This information is a copy of the Institution's applicable footnotes. In order to complete these statements on time, the due date for submitting the information is **September 15, annually, for leases and for fixed assets**, (again, typically those draft footnotes,) **in advance of the submission of an annual report from the Institution represented to the Office of the Comptroller as ready for acceptance by or accepted by the Board of Trustees of the Institution.**

The Commonwealth is scheduled to issue its audited CAFR no later than December 31st, annually. As the Institution's audited financial statements will be included as part of the Commonwealth's, the Institutions' copy of the financial statements must be submitted to the Office of the Comptroller by the due date of October 15 annually. The financial statements of the Institution must be received by the Office of the Comptroller in a form ready for acceptance by the Board of Trustees or audited and have received an unqualified audit opinion. The Commonwealth's financial statements are at risk of being qualified by our auditors if you do not meet the above requirements.

Independence Letter

The Institution's audited financial statements must be transmitted to the Office of the State Comptroller with an ***Independence Letter***. It is necessary for your auditors to confirm to our auditors, (currently Deloitte,) their independence with regard to your financial statements. This requirement is ***mandatory*** and any lack of response may result in a qualification of the Commonwealth's CAFR audit opinion. As the component units of the Institution are also audited, these component units must also transmit their audits to the Institution's auditor containing a similar letter. The letter that the Institution needs to transmit to the Commonwealth's auditors and the component unit(s) need(s) to transmit to the Institution is below. In the case of a letter from the Institution's auditor to the Commonwealth (the addressee would change if addressed from the component unit of the Institution to the Institution's auditor:)

Audit Independence Letter

October 15, 2XXX
(or earlier)

Deloitte LLP
200 Berkeley Street
Boston, MA 02116
Attention: Commonwealth of Massachusetts Audit Senior

This letter is furnished to you in response to your request for certain representations by us in connection with your audit of the general purpose financial statements of the Commonwealth of Massachusetts, which will include the financial statements of the **(Insert Name of Higher Education Institution)**, ("the Institution"), for the fiscal year ending June 30, 2XXX.

We have been engaged to audit the financial statements of the Institution for the year ending June 30, 2XXX. The purpose (and therefore the scope) of our audit is to enable us to express an opinion on the financial statements of the Institution; accordingly, we will have performed no procedures directed solely toward identifying matters that might affect your report or your audit of the financial statements of the Commonwealth. In this connection, we represent to you the following:

1. We are familiar with the standards of the American Institute of Certified Public Accountants (Code of Professional Conduct Rule 101 and related interpretations) regarding independence of accountants. We have been independent with respect to the Institution, the Commonwealth of Massachusetts, and its other affiliates during the course of our audit to the date of this letter. We expect to continue to be independent with respect thereto through the date of our report on our audit of the financial statements of the Institution; we will inform you promptly if during that period we become aware of any circumstance that impairs our independence.
2. We are aware of Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees (or equivalent body), and advise you that we do not believe that there are any independence matters regarding **(Name of Independent Certified Public Accounting Firm)** and the Commonwealth of Massachusetts that should be discussed with the Office of the State Comptroller's Advisory Board related to the year ended June 30, 2XXX. *[If there are matters to be discussed, modify the sentence to read ...and advise you that the following matters regarding (Name of Independent Certified Public Accounting Firm) and Commonwealth of Massachusetts should be discussed with the Advisory Board:*

[Describe the issue(s) and related safeguard(s), if appropriate.]

3. We are aware that the financial statements of the Institution for the year ending June 30, 2XXX will be included in the general purpose financial statements of the Commonwealth of Massachusetts for the year then ending, and that our report on our audit of the financial statements of the Institution will be used by you as a basis, in part, for your report on your audit of the general purpose financial statements of the Commonwealth of Massachusetts.
4. We will review the conformity of the accounting principles used by the Institution with the significant accounting policies prescribed by the Government Accounting Standard Board (GASB) for entities included in the general purpose financial statements of the Commonwealth of Massachusetts, and we will advise you of any material departures therefrom that come to our attention.
5. We will conduct our audit of the Institution's financial statements in accordance with generally accepted auditing standards, and we will inform you promptly of any restriction on the scope of our audit, whether imposed by the Institution's management or other circumstances.
6. We are familiar with accounting principles generally accepted in the United States of America and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants and the *Government Auditing Standards* issued by the Comptroller General of the United States. We are conducting our audit and will report on the results thereof in accordance with those standards.
7. We have knowledge of the relevant reporting requirements for financial statements and required supplemental information and schedules to be included in the Comprehensive Annual Financial Report of the Commonwealth of Massachusetts.

Yours truly,

(Name & Title)
(Independent Certified Public Accounting Firm)

Relevant GASB Standards

The financial statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). All relevant standards must be followed.

Standardized Financial Reporting Items

For Institutions receiving federal funding:

Reporting requirements require entities that receive federal funding need to be audited in accordance with generally accepted governmental auditing standards. The audit opinion of these entities should read "audited in accordance with *Governmental Auditing Standards*."

Specific Implementation Guidance for GASB Statement 39

GASB Statement 39 brings the concept of component units to Institutions of higher education. Typically these component units will include, but are not limited to, private foundations that support the Institutions' activities. In no way is the legally separate status of the foundation being called into question. The guidance for the implementation of this statement is as follows:

Fiscal Year End of Component Unit

Statement 39 allows a fiscal year end of a component unit to be different than the Institution's. The financial statements of the component unit can be issued as much as 11 months prior to June 30th and still be eligible for inclusion. The fiscal year end of the component unit must be disclosed in a new "reporting entity" section of the Institution's summary of significant accounting policies footnote.

Totaling

Information from the component unit is presented in a separate column on the face of the financial statements, but is not totaled with the Institution of higher education's results **unless the component unit is deemed to be a "blended" unit under GASB Statement 14 (as amended by Statement 39,) paragraphs 52 through 54**. Otherwise, readers of the financial statements may infer that a total exists. In the case of a blended component unit, the information is included in the Institution's financial statements. Caution must be used in explaining the financial information contained within the statements.

Specific 2004 Transition Guidance

For 2004 only, present a statement of net assets and a statement of revenues, expenses and changes in net assets in a three-column format as follows:

- 2004 Institution information
- 2003 Institution information
- 2004 Component Unit information

All Component Units are combined and presented in a single column. Should a combining schedule be necessary, one should be presented as other supplementary information, following the footnotes to the financial statements.

Required Elimination Schedule

Eliminating entries are necessary for transactions between the Institution and the component unit to forestall the possibility of doubling revenue and expenses. A schedule of these eliminating entries, including the accounts they effect and amounts must be forwarded to the Office of the State Comptroller on or before October 15 as part of the package of audited financial statements. It is not necessary to have this schedule audited.

Comparative Financial Statements in the year of GASB 39 Implementation

Comparative Financial Statements may be presented if practical. However, as FY2003 foundation data will not have been audited and presented in accordance with governmental standards, it is preferable to adjust beginning net assets.

Reformatting of Component Unit Financial Statements

In all likelihood, the financial statements of the component unit are presented in accordance with Financial Accounting Standards Board (FASB) Statements 116 and 117. Reformatting is sometimes necessary to be presented in accordance with GASB standards. Do not change the underlying basis of accounting for the Component Unit from FASB to GASB. These entries will largely consist of geographical moves of information within the statement of net assets. The independent auditor of the Institution will take responsibility for these changes in disclosure. Communication between the auditor of the Institution and the auditor of the component unit is absolutely vital for an unqualified opinion for the Institution.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of the Institution is typically limited to discussion of the Institution's activities. Only a very significant or unusual transaction involving the Component Unit needs to flow up to the MD&A of the Institution. However, for FY2004 ONLY, the MD&A should discuss the adoption of Statement 39. For all years, the relationship and the nature of transactions between the Institution and the Component Unit should also be discussed.

Audit Opinion

The audit opinion for the Institution of Higher Education for FY 2004 ONLY will include a reference to the implementation of Statement 39 in the body of the opinion. The opinion for all years will reference the work of the auditor of the Component Units and the level of reliance on that work. Finally, the **component unit's opinion must reference Government Auditing Standards.**

A draft opinion for the Institution is as follows:

(AUDIT FIRM'S LETTERHEAD)

We have audited the accompanying financial statements of the **(Name of Institution)**, as of and for the year ended June 30, 2XXX, which collectively comprise the **(Name of Institution)**'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **(Name of Institution)**'s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit any of the financial statements of the **(Name of Component Unit(s))**. Those financial statements were audited by other auditors **(unless Institution's audit firm is the same as the Component Unit(s))** whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities not audited by us included in the aggregate discretely presented component units of the **(Name of Institution)**, is based solely on the report(s) of other auditors.

We conducted our audit... (same as previous presentation).

In our opinion...(same as previous presentation).

As discussed in Note 1, during the fiscal year ended June 30, 2004, the **(Name of Institution)** adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*. The implementation of this standard resulted in the inclusion of component unit information and other supplementary combining information.

The Management's Discussion and Analysis... (same as previous presentation).

Our audit was conducted... (discussion of supplementary information – if applicable).

(SIGNATURE OF FIRM)

(OPINION DATE)

Footnote Disclosures from Component Units

Statement 34 and Statement 14 require that an overview of the Institution should distinguish between the Institution and the Component Unit(s). For each major component unit, the nature and amount of significant transactions with the Institution should be disclosed, along with any other transactions between Component Units.

Disclosures for the Component Units should be limited to those that are essential to the fair presentation of the Institution's basic financial statements. This needs to be done on a case-by-case basis. Typically though, for a foundation, cash, investments, receivables, fixed assets, payables and debt, if applicable, would be disclosed. The focus on disclosure needs to be on information from only *major* Component Units. Finally, a reference needs to be made in the Institution's footnotes as to how to obtain the Component Unit's audited financial statements in describing the Component Unit relationship.

Other Financial Reporting Guidance

<p>The financial statements should <u>include</u> all of the Institution's activities, which is to say it should include all appropriated and non-appropriated activity as measured and reported in conformity with GAAP, including any component unit(s) of the Institution.</p>

The following items should be excluded from the Institution's financial statements:

- For State Colleges, the State College Building Authority should be excluded from an individual Institution's financial statements. These authorities are included in

the Commonwealth's CAFR as blended component units. However, individual State College financial statements should reflect payments to the State College Building Authority in the appropriate expenditure category. In some cases, this may be reported in auxiliary enterprises. Please review this with your auditor.

- Employee deferred compensation plan assets will be carried by the Commonwealth as an Expendable Trust fund item. Individual Institutions should not carry the assets on their Financial Statements.

The following items **must be included** in the Institution's financial statements:

- **Accounts Payable** - The portion of this liability to be paid from state appropriations should be offset by an asset labeled "Cash held by The State Treasurer".
- **Compensated Absences** - Institutions must accrue the vacation and sick leave buyback liability related to all employees, i.e., employees paid from appropriated and non-appropriated funds without regard to the future funding mechanism. This liability should be calculated in accordance with GASB Statement No. 16, Accounting for Compensated Absences, and displayed consistent with the guidance in GASB Technical Bulletin 92-1, Display of Governmental College and University Compensated Absences Liabilities. The HRCMS statewide system includes all Institutions of Higher Education and is the official books and records of the Commonwealth with regard to payroll. Compensated Absences are reported from this system on the report HMBEN008 on view direct.
- **Fringe benefit expenditures** - Institutions must record expenditures for the cost of fringe benefits. For employees paid from non-appropriated funds fringe benefits have already been charged against these funds at the approved fringe benefit rate.
- **Liability for Workers' Compensation** - Institutions must record this information derived from reports prepared from information available from the Human Resources Division. This information is disseminated to Institutions in early September.

Forthcoming GASB Standards

The following standards have been issued as of the date of posting and will be implemented in the following fiscal years:

Statement	Description	Implementation FY
40	<i>Deposit and Investment Risk Disclosures – an amendment to GASB Statement No. 3</i>	2005
42	<i>Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries</i>	2006

The Office of the Comptroller will inform Institutions as soon as possible if any exposure drafts or statements are released that will effect their operations.

Reconciliation of the Institution's Financial Statements to the MMARS appropriated fund activity

In order to prepare the Institutions of Higher Education audited financial statements the Institutions must combine internal activity (non-appropriated) with the activity posted to MMARS (appropriated) and controlled by the State Comptroller. The Comptroller's Office then compiles all audited financial statements for the CAFR. An important part of this process is to have the same activity reported consistently between Institutions. The footnotes refer to the fact "no right to offset exists under State statute" and therefore no "offsetting" is done. The authoritative literature referencing "offsetting" relates only to balance sheet items where two entities owe each other money. In addition, the Institutions of Higher Education are not separate legal entities (Component Units) but are presented as business – type activities on an aggregate basis by system in the Commonwealth's CAFR.

An example is as follows:

XYZ INSTITUTION

Notes to the Financial Statements

(XX) Management Accounting and Reporting System

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and University to report activity of campus based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System (MMARS) using the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

In addition, a reconciliation schedule between the Institution's records and MMARS should be presented. This should also include a reconciliation of the state appropriation. Tables should be as follows:

The College's State appropriations are composed of the following for the year(s) ended June 30:

Direct unrestricted appropriations	<u>2xxx</u>
Add fringe benefits for benefited employees on the state payroll	\$19,942
Less day school tuition remitted to the state and included in tuition and fee revenue	3,445
	<u>(1,300)</u>
Total appropriations	<u>\$22,087</u>

A timing difference (**insert reason other than "timing difference" if applicable**) occurred where the College had additional revenue in the amount of \$675 that was reported to MMARS after August 31, 2xxx, reconciled as follows:

Revenue per MMARS	<u>2xxx</u>
Revenue per College	\$11,703
Difference	<u>12,378</u>
	<u>\$675</u>

Fixed Assets on MMARS / NewMMARS (NOTE THAT THIS DOES NOT EFFECT FUND 900 / 901 ACTIVITY)

Guidance was released in February 2004 on whether or not schools qualify for removal of fixed asset information from MMARS. In general, Institutions of Higher Education that issue separate, independent audits, completed and filed with the Office of the

Comptroller on or before October 15th annually, may choose not to record fixed assets on MMARS or NewMMARS. These eligible Institutions must have an auditable fixed assets system available for inspection by the State Auditor's Office and / or the Office of the State Comptroller. At a minimum, the system must be capable of tracking additions, betterments, changes, disposals, with gains and losses thereon. Institutions must follow other guidance related to fixed assets issued by the Office of the Comptroller with regard to, but not limited to:

- Acquisition
- Recording
- Accounting and Management
- Reporting
- Software
- Infrastructure (if applicable)
- Depreciation and Useful Lives

Via their independent audits and their footnote disclosure, Institutions are representing that they comply with these practices.

Non – Compliance

If an Institution decides not to comply with these practices, they must use MMARS as the record repository for their fixed asset information.

Choosing Not to Use MMARS / NewMMARS for Fixed Asset Reporting

The majority of institutions have confirmed to us that they will not to use MMARS / NewMMARS for its fixed asset recordkeeping. They have taken the following steps:

1. Confirmed in writing to Eric Berman, Deputy Comptroller (e.g. email) their decision no later than **March 1, 2004**.
2. Filed a complete, audited financial report on or before October 15th of the previous year with the Office of the Comptroller.
3. **Completed "FD" transactions** must be recorded in MMARS effectively disposing every asset using a disposal method of "O" (not zero).
4. Cleaned up dangling transactions by **Friday, April 30, 2004**.

Institutions must also file a complete, audited financial statement with the Office of the Comptroller on or before October 15, annually.

Choosing to remain using MMARS

If an Institution decides to continue using MMARS, MMARS will be the official record of the Commonwealth. All information on MMARS must be reconciled to information that is kept in Institution financial systems. All applicable MMARS policies and procedures must be followed. The fixed asset balances in MMARS must be the GAAP fixed asset balances reported in the Institution's audited financial statements.

Instructions for Facilities to be Constructed by, or in conjunction with, the Division of Capital Asset Management (DCAM)

Because long – term construction in process will still be audited at the Commonwealth, slightly different reporting, accounting and MMARS set-up will need to occur based on the anticipated project spending. The two scenarios are below.

Institution Projects less than \$1 Million where DCAM delegates Authority

If an Institution is delegated by DCAM to construct a project that is less than \$1 million, DCAM and the Executive Office for Administration and Finance (ANF) will create a major program and appropriations on NewMMARS for this construction for the purpose of controlling allotments and spending. However, the setup of this program will not create a fixed asset in NewMMARS. It is up to the Institution to record this construction in process activity as it is spending these funds. The audit of this activity will also be done at the Institution level.

Projects greater than \$1 Million

If an Institution is approved for a project that is GREATER than \$1 million, DCAM and ANF will create a major program in NewMMARS, again not resulting in a fixed asset. DCAM will also be responsible with ANF to create spending accounts and work with OSC to record revenue that is contributed by Institutions to help facilitate the project. If a betterment project is constructed on an asset that was removed from MMARS, DCAM will assign the old statewide fixed asset number for its internal tracking purposes.

Annually, on or about August 31st, DCAM will certify to each Institution the amount of construction in process by project to help facilitate the audit of CIP. Upon completion of the project, DCAM will send a final certification to the Institution detailing the following:

1. The required asset identification number that is needed for DCAM purposes for the project.
2. The cost of the project.
3. The date of the memo – which will serve as the “in service date” for depreciation purposes.

It will be on this certification date that the construction in process is intended to be transferred from NewMMARS.

Other Footnote Disclosure Requirements of a Higher Education Institution

Please be reminded that the financial statements must, at a minimum, include the following footnote disclosures:

- Summary of Significant Accounting Policies

With respect to the Component Unit, the Summary of Significant Accounting Policies should include:

- A description of the Component Unit
- The relationship between the Component Unit and the Institution
- The criteria for inclusion of the Component Unit in the financial statements of the Institution

- How the separately audited financial statements may be obtained. This is a general reference to the Chief Financial Officer of the Institution.

If there are different fiscal year ends for the Component Unit and the Institution, a reconciliation of significant transactions between the Component Unit and the Institution needs to be included for the period between the Component Unit's year end and the June 30th.

Other GASB note disclosures for the Component Unit are generally NOT required. If there are significant items that are found in the Component Unit's footnotes, they would translate up to the Institution's footnotes in their applicable sections. If they are presented, do NOT reformat their footnote from FASB to GASB format. Instead, present a separate subsection within the footnote clearly labeled "discretely presented component unit(s)."

Other footnotes for the Institution should be:

- Disclosures for Cash Deposits and Investments
- Receivables
- Fixed Assets
- Advance Refunding and Short and Long Term Debt
- Leases
- MMARS Reconciliation (see above)
- Related Party Disclosures
- Subsequent Events
- Commitments and Contingencies

This should include lawsuits pending against the Institution and a disclosure of the lawsuits possibility of success categorized as probable or reasonably possible. Suits categorized as remote can be ignored. The estimated costs of lawsuits deemed probable must be accrued as a liability.

If an attorney other than a special assistant attorney general represents the Institution, note this in a transmittal to the Comptroller. Note that other attorneys have no authority to represent the Commonwealth.

- HEFA Agreements

The agreements within Massachusetts Health and Educational Facilities Authority will be treated as a lease purchase of fixed assets. In other words, the asset and the liability for the payment should be recorded as a fixed asset and a capital lease payable. Fees pledged to support principal and interest payments should also be recorded.

- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

As required by the Single Audit Act of 1996, the Comptroller will prepare the Schedule of Expenditures of Federal Awards (SEFA) for the year. The SEFA includes all federal assistance provided, in the form of either grants or loans, directly to Institutions of Higher Education and recorded in any of their non-appropriated Fund Groups.

As part of SEFA, which is required by the Federal Government, you must complete schedules with SEFA information about Federally Funded Student Loan, and The Federal Family Education Loan and Federal Direct Loan Programs respectively (formerly the Guaranteed Student Loans). Off MMARS information will be required to complete the schedules.

FEDERAL STUDENT LOANS

Institutions of Higher Education currently participate in at least two major federal student loan programs: Perkins Loan Program and Nursing Student Loans. This information is recorded in MMARS Fund 901 - Campus-Managed Cash. Statutory basis reporting on MMARS for these programs differs from the GAAP basis, as follows:

Statutory Basis Loan Reporting: The procedures will result in a statutory basis fund balance equal to MMARS revenues (cash receipts), less MMARS expenditures (cash disbursements). This fund balance will approximate the net cash on hand. Because of the revolving nature of these loan programs, material year end balances are not anticipated. In the SBFR, reserved fund balance will be reported.

Federal and state contributions are recorded as revenues when cash is received. For federal contributions, including additional contributions made for loan cancellations allowed under the programs.

Loans made to students are also recorded on MMARS and should use an object code "Loans to Other Than Political Subdivisions and Other Governmental Entities of the Commonwealth." (MMARS Object Code T02 – NewMMARS Commodity Code 84101700.) Loan payments received from students must be segregated between principal and interest revenue source codes.

The Federal Student Loan Schedule will report information for both programs on one schedule. Only information that needs to be reported to the federal government for the Schedule of Federal Financial Assistance (SFFA) should be reported on the schedule.

The following information should **ONLY** be reported on this schedule:

- Loans outstanding at June 30 of the *previous year*
- Loans canceled (written off) during the fiscal year
- Cash receipts
- Federal Government receipts
- Perkins Student Loan Program revenue
- Nursing Student Loan Program revenue
- Loan Principal Repaid during the fiscal year
- Cash Disbursements
- Loans disbursed to students
- Loans outstanding at June 30 of the *current year*

Federal Family Education Loans (FFEL) and Direct Student Loans

The Federal Family Education Loans (FFEL) and Direct Student Loans consist of the Federal Family Education Loan Program (CFDA #84.032); and the William D. Ford Federal Direct Loan Program (CFDA #84.268). Each program includes Stafford Loans, PLUS (Parent) Loans and the Supplemental Loans for Students (SLS). Institutions may require the assistance of their Financial Aid Office Personnel in determining the appropriate figures to be reported in these two programs.

Internal Controls

Under construction.

Information Sources

- Related Procedure – None
- Legal Authority – [M.G.L. C.7A, M.G.L. C. 29](#); [U.S. General Accounting Office Standards](#); [Government Accounting Standards Board Statements](#); [Audit Standards Board Statements of Auditing Standards](#); [AICPA State and Local Audit Guide](#)
- Attachments –
 - Sample Financial Statements for Foundations
[\\mycluster01\userfiles\exe\ericb\CAFR 2004\Higher Ed Guidance - Massachusetts College Foundation Financials.pdf](#)
 - Sample Financial Statements for College including a Foundation as a discretely presented component unit
[\\mycluster01\userfiles\exe\ericb\CAFR 2004\Higher Ed Guidance - Massachusetts College Combined Financials.pdf](#)
 - Single Audit Reporting Forms – Loan Activity
[\\mycluster01\userfiles\exe\ericb\CAFR 2004\single audit forms.pdf](#)
- Links – None
- Contacts – MMARS Helpline 866-888-2808. Helpline staff should be informed that the Financial Reporting and Analysis Bureau should be notified immediately of any financial statement questions.
- MMARS Knowledge Center Homepage